

**2001 DRAFTING REQUEST**

**Bill**

Received: **09/26/2001**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Daniel Vrakas (608) 266-3007**

By/Representing: **brian**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax - corp. inc. and fran.**

Extra Copies:

Submit via email: **NO**

**Pre Topic:**

No specific pre topic given

**Topic:**

Apprenticeship tax credit

**Instructions:**

See Attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 09/27/2001	csicilia 10/02/2001		_____			State
/1			jfrantze 10/02/2001	_____	lrb_docadmin 10/02/2001	lrb_docadminState 10/02/2001	
/2	jkreye 10/03/2001 jkreye 10/05/2001	wjackson 10/03/2001 wjackson 10/05/2001	kfollet 10/03/2001	_____	lrb_docadmin 10/03/2001	lrb_docadminState 10/03/2001	
/3			pgreensl	_____	lrb_docadmin	lrb_docadmin	

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
			10/05/2001	_____	10/05/2001	10/05/2001	

FE Sent For: 10/05/2001.

↑ (" / 3 ")

<END>

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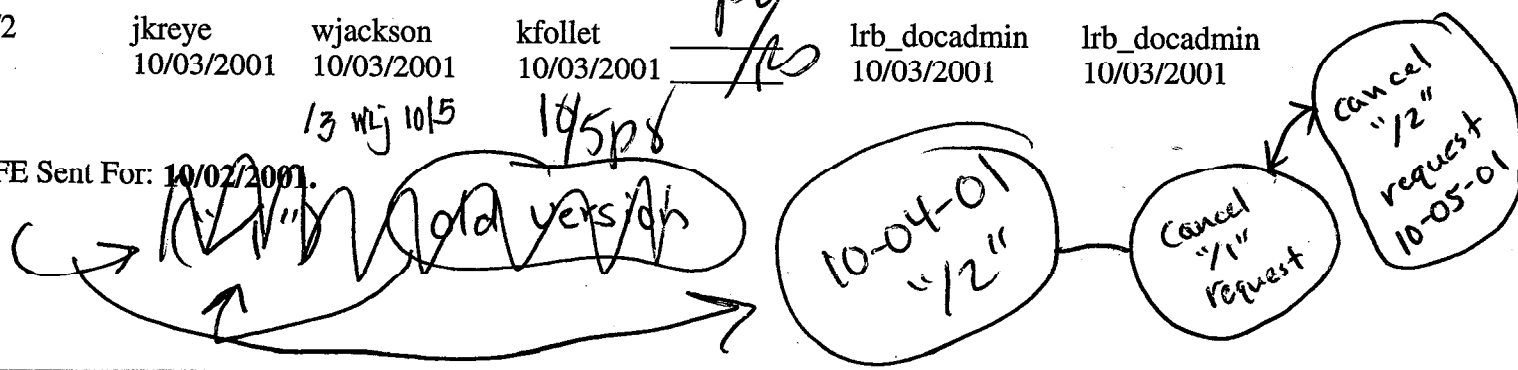
#### Instructions:

See Attached

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/2	jkreye 10/03/2001	wjackson 10/03/2001	kfollet 10/03/2001	10/5 pb	lrb_docadmin 10/03/2001	lrb_docadmin 10/03/2001	

FE Sent For: 10/02/2001.



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/1		1/2 WLJ 10/3	jfrantze 10/02/2001		lrb_docadmin 10/02/2001	lrb_docadmin 10/02/2001	

kj 10/3
   
 kj/df 10/3
   
 <END>

FE Sent For: 10/02/2001.
   
  
 ("1/1")

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1/?	jkreye	11/01/02	10/02	10/2			

FE Sent For:

<END>

**Kreye, Joseph**

---

**From:** Pleva, Brian  
**Sent:** Wednesday, September 26, 2001 2:32 PM  
**To:** Kreye, Joseph  
**Cc:** Conlin, Robert  
**Subject:** Apprentice Tax Credit

3844/1

Joe, I am requesting an LRB draft that is similar to the apprentice tax credit provision within the Joint Legislative Council Special Committee on Labor Shortage's bill (2001 Assembly Bill 516) with a few differences. The provision within AB 516 will be deleted through a *separate* substitute amendment, which is being handled by Rep. Jean Hundertmark. *This bill*, which will eventually be introduced on 10/10/01 as an Assembly Committee on Labor and Workforce Development bill, should address the following "plain" language:

The bill creates an income tax and franchise tax credit for an employer that pays wages to an apprentice who is participating in a two- to five year-year apprenticeship program in which the apprentice is receiving instruction leading to qualification as a skilled journeyman in the industrial manufacturing, private sector service occupation or construction trades. ***However, the credit would only apply to the top five trades of each category that are identified by the Department of Workforce Development's Labor Market Information division as experiencing the most shortages.*** The amount of the credit is 5% of the wages that are paid to an apprentice in a taxable year, but cannot exceed \$1,400, except that, in the taxable year in which the apprentice completes the apprenticeship program, the amount of the credit is 8% of the wages that are paid to an apprentice, but cannot exceed \$3,000. Generally, no employer may claim the credit for taxable years beginning after December 31, 2004; if the number of employers training apprentices does not increase by more than 40% from January 1, 2002, to December 31, 2004.

Joe, as you can see, the "Internet posting" provision is not in this proposal.

If you have any questions, please let me know.

Rep. Kraker

## Kreye, Joseph

---

**From:** Pleva, Brian  
**Sent:** Wednesday, September 26, 2001 4:39 PM  
**To:** Kreye, Joseph  
**Subject:** RE: Apprentice Tax Credit

Joe, just to be sure, I mean the five trades with the most shortages *within each category* (i.e. the five industrial manufacturing trades with the most shortages; the five private sector service trades with the most shortages and the five construction trades with the most shortages).

-----Original Message-----

**From:** Pleva, Brian  
**Sent:** Wednesday, September 26, 2001 4:07 PM  
**To:** Kreye, Joseph  
**Subject:** RE: Apprentice Tax Credit

AB 516 is LRB-3844/1. Also, you are correct in that those two changes being the only ones.

Thanks again, Joe!

-----Original Message-----

**From:** Kreye, Joseph  
**Sent:** Wednesday, September 26, 2001 4:00 PM  
**To:** Pleva, Brian  
**Cc:** Malaise, Gordon  
**Subject:** RE: Apprentice Tax Credit

Brain,

What is the LRB number of AB 516? Also, just to clarify, are the following provisions the only changes to AB 516 that you want in a new bill: 1. Limit the credit to the five trades with the most shortages, as identified by DWD; 2. Eliminate the Internet posting provision.

**Joseph T. Kreye**  
Legislative Attorney  
Legislative Reference Bureau  
(608) 266-2263

-----Original Message-----

**From:** Pleva, Brian  
**Sent:** Wednesday, September 26, 2001 2:32 PM  
**To:** Kreye, Joseph  
**Cc:** Conlin, Robert  
**Subject:** Apprentice Tax Credit

Joe, I am requesting an LRB draft that is similar to the apprentice tax credit provision within the Joint Legislative Council Special Committee on Labor Shortage's bill (2001 Assembly Bill 516) with a few differences. The provision within AB 516 will be deleted through a *separate* substitute amendment, which is being handled by Rep. Jean Hundertmark. *This bill*, which will eventually be introduced on 10/10/01 as an Assembly Committee on Labor and Workforce Development bill, should address the following "plain" language:

The bill creates an income tax and franchise tax credit for an employer that pays wages to an apprentice who is participating in a two- to five year-year apprenticeship program in which the apprentice is receiving instruction leading to qualification as a skilled journeyman in the industrial manufacturing, private sector service occupation or construction trades. ***However, the credit would only apply to the top five trades of each category that are identified by the Department of Workforce Development's Labor Market Information division as experiencing the most shortages.*** The amount of the credit is 5% of the wages that are paid to an apprentice in a taxable year, but cannot exceed \$1,400, except that, in the taxable year in which the apprentice completes the



apprenticeship program, the amount of the credit is 8% of the wages that are paid to an apprentice, but cannot exceed \$3,000. Generally, no employer may claim the credit for taxable years beginning after December 31, 2004, if the number of employers training apprentices does not increase by more than 40% from January 1, 2002, to December 31, 2004.

Joe, as you can see, the "Internet posting" provision is not in this proposal.

If you have any questions, please let me know.



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-3891/

JK:.....

in 9-28-01

~~due thru 10-4-01~~  
**TODAY**

RM not R  
CS

you

tax

1 AN ACT ...; relating to: an income and franchise tax credit for training  
2 apprentices.

*Analysis by the Legislative Reference Bureau*

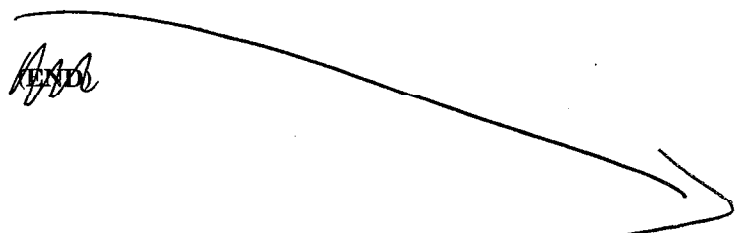
This bill creates an income tax and franchise tax credit for an employer that pays wages to an apprentice who is participating in a two-year to five-year apprenticeship program in which the apprentice is receiving instruction leading to qualification as a skilled journeyman in any of the five industrial manufacturing trades; any of the five private sector service occupations; or any of the five construction trades; with the most employee shortages, as determined by the department of workforce development. The amount of the credit is five percent of the wages that are paid to an apprentice in a taxable year, but cannot exceed \$1,400, except that, in the taxable year in which the apprentice completes the apprenticeship program, the amount of the credit is eight percent of the wages that are paid to an apprentice, but cannot exceed \$3,000. Generally, no employer may claim the credit for taxable years beginning after December 31, 2004, if the number of employers training apprentices does not increase by more than 40% from January 1, 2002, to December 31, 2004.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

3

END



ASSEMBLY BILL 516

SECTION 12

1 49.175 (1) (zp) Job retention skills development programs. For the transfer of  
2 moneys to the technical college system board for implementation costs for job  
3 retention skills development programs under s. 38.34, \$200,000 in fiscal year  
4 2001-02.

5 SECTION 13. 71.05 (6) (a) 15. of the statutes, as affected by 2001 Wisconsin Act  
6 16, is amended to read:

7 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
8 (2di), (2dj), (2dI.), (2dm), (2dr), (2ds), (2dx), (3g), and (3s), <sup>and</sup> (5d), ~~and~~ <sup>and</sup> not  
9 passed through by a partnership, limited liability company, or tax-option corporation  
10 that has added that amount to the partnership's, company's, or tax-option  
11 corporation's income under s. 71.21 (4) or 71.34 (1) (g). <sub>plain comma</sub>

12 SECTION 14. 71.07 (5d) of the statutes is created to read:

13 71.07 (5d) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)  
14 In this subsection:

15 1. "Apprentice" means a person who participates in a 2-year to 5-year  
16 apprenticeship program, as determined and approved by the department, in which  
17 the person receives instruction leading to qualification as a skilled journeyman in  
18 any industrial manufacturing trade or private sector service occupation or receives  
19 instruction in the construction trades leading to qualification as a skilled  
20 journeyman carpenter, including a floor coverer, millwright, or pile driver; laborer;  
21 ironworker; or painter, including a tapers

22 2. "Claimant" means a person who files a claim under this subsection and who  
23 is a trades trainer, as determined and approved by the department.

24 3. "Department" means the department of workforce development.

INSERT A

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2001  
Wis  
Act  
16  
§ 2143

Review of a...  
that is one...  
structure...

## ASSEMBLY BILL 516

1 (b) Subject to the limitations provided in this subsection, for taxable years  
2 beginning after December 31, 2001, a claimant may claim as a credit against the  
3 taxes imposed under s. 71.02 an amount that is equal to 5% of the wages that the  
4 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except  
5 that a claimant may claim as a credit against the taxes imposed under s. 71.02 an  
6 amount that is equal to 8% of the wages that the claimant paid to an apprentice in  
7 the taxable year in which the apprentice completes an apprenticeship program, but  
8 not to exceed \$3,000.

9 (c) No claimant may receive a credit under this subsection unless the claimant  
10 enters into an agreement with the department permitting the department to post on  
11 the department's Internet site the claimant's name and address and the number of  
12 apprentices and journeymen employed by the claimant during the calendar year.

13 (d) This subsection does not apply to taxable years that begin after December  
14 31, 2004, if the number of employers training apprentices in department-approved  
15 programs does not increase by more than 40% from January 1, 2002, to December  
16 31, 2004, as determined by the department, except that a claimant who has claimed  
17 a credit for an apprentice's wages in any taxable year beginning before January 1,  
18 2005, may continue to claim a credit for the apprentice's wages in succeeding taxable  
19 years, until the apprentice completes the apprenticeship program. As soon as  
20 practicable after December 31, 2004, the department shall certify to the department  
21 of revenue the number of employers training apprentices in approved programs on  
22 January 1, 2002, and the number of employers training apprentices in approved  
23 programs on December 31, 2004.

24 (e) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit  
25 under s. 71.28 (4), apply to the credit under this subsection.

## ASSEMBLY BILL 516

## SECTION 14

1 (f) Partnerships, limited liability companies, and tax-option corporations may  
2 not claim the credit under this subsection, but the eligibility for, and the amount of,  
3 the credit are based on their payment of wages under par. (b). A partnership, limited  
4 liability company, or tax-option corporation shall compute the amount of credit that  
5 each of its partners, members, or shareholders may claim and shall provide that  
6 information to each of them. Partners, members of limited liability companies, and  
7 shareholders of tax-option corporations may claim the credit in proportion to their  
8 ownership interests.

9 (g) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
10 applies to the credit under this subsection.

11 **SECTION 15.** 71.07 (5r) of the statutes is created to read:

12 **71.07 (5r) EDUCATION CREDIT.** (a) In this subsection:

13 1. "Claimant" means a sole proprietor, a partner, a member of a limited liability  
14 company, or a shareholder of a tax-option corporation who files a claim under this  
15 subsection.

16 2. "Degree-granting program" means an educational program for which an  
17 associate, a bachelor's, or a graduate degree is awarded upon successful completion.

18 3. "Family member" has the meaning given in s. 157.061 (7).

19 4. "Managing employee" means an individual who wholly or partially exercises  
20 operational or managerial control over, or who directly or indirectly conducts, the  
21 operation of the claimant's business.

22 5. "Poverty line" has the meaning given in s. 49.001 (5).

23 6. "Qualified postsecondary institution" means all of the following:

(g) No credit may be claimed under this subsection for taxable years beginning after December 31, 2009. Credits claimed under this subsection for taxable years beginning before January 1, 2010, may be carried forward to taxable years beginning after December 31, 2009, as provided under s. 71.28 (4) (f).

**SECTION 17.** 71.08 (1) (intro.) of the statutes is amended to read:

71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married couple filing jointly, trust or estate under s. 71.02, not considering the credits under ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (5v), (6), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3), and (5v), and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3), and (5v) and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than the tax under this section, there is imposed on that natural person, married couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

**SECTION 18.** 71.10 (4) (cd) of the statutes is created to read:

~~71.10 (4) (cd) Education credit under s. 71.07 (5r).~~

~~**SECTION 19.** 71.10 (4) (cp) of the statutes is created to read:~~

71.10 (4) (cp) Industrial, service, and skilled trades apprenticeship credit under s. 71.07 (5d).

~~**SECTION 20.** 71.10 (4) (k) of the statutes is created to read:~~

~~71.10 (4) (k) Productivity enhancement training credit under s. 71.07 (5v).~~

**SECTION 21.** 71.21 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is amended to read:

STET

ASSEMBLY BILL 516

1 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
2 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), and (3s), ~~and (3d) and (5)~~ and passed through  
3 to partners shall be added to the partnership's income. 5d

4 SECTION 22. 71.26 (2) (a) of the statutes, as affected by 2001 Wisconsin Act 16,  
5 is amended to read:

6 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
7 the gross income as computed under the Internal Revenue Code as modified under  
8 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
9 computed under s. 71.28 (1), (3), (4), (5), plus the amount of the credit computed  
10 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), and ~~(3g)~~ (1dx), (3g), <sup>and</sup> (5d)  
11 ~~and~~ and not passed through by a partnership, limited liability company, or  
12 tax-option corporation that has added that amount to the partnership's, limited  
13 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)  
14 (g) plus the amount of losses from the sale or other disposition of assets the gain from  
15 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were  
16 sold or otherwise disposed of at a gain and minus deductions, as computed under the  
17 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an  
18 amount equal to the difference between the federal basis and Wisconsin basis of any  
19 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction  
20 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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§2175

~~21 SECTION 23. 71.28 (1dx) (b) 1. of the statutes is amended to read:~~

~~22 71.28 (1dx) (b) 1. Fifty percent of the amount expended by the person for  
23 environmental remediation in a development zone.~~

~~24 SECTION 24. 71.28 (1dx) (b) 1m. of the statutes is created to read:~~

**ASSEMBLY BILL 516**

**SECTION 24**

1           71.28 (1dx) (b) 1m. Fifty percent of the amount expended by a municipality, as  
 2 defined in s. 292.01 (11), or an organization that is exempt from federal income  
 3 taxation under section 501 (c) (3) of the Internal Revenue Code for environmental  
 4 remediation in a development zone, if the municipality or organization has entered  
 5 into an exclusive written agreement with the person claiming the credit that  
 6 approves of the person claiming the credit based on the expenditures of the  
 7 municipality or organization. The department shall promulgate rules to implement  
 8 this subdivision.

9           **SECTION 25.** 71.28 (1dx) (f) of the statutes is created to read:

10           71.28 (1dx) (f) *Transfer of credits.* Any person who is eligible to claim a credit  
 11 under par. (b) 1. may transfer the right to claim the credit under par. (b) 1. to any  
 12 other person who is subject to taxation under this subchapter. The department shall  
 13 promulgate rules to implement this paragraph.

14           **SECTION 26.** 71.28 (5d) of the statutes is created to read:

15           71.28 (5d) **INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT.** (a)

16           In this subsection:

17           1. "Apprentice" means a person who participates in a 2-year to 5-year  
 18 apprenticeship program, as determined and approved by the department, in which  
 19 the person receives instruction leading to qualification as a skilled journeyman in  
 20 an industrial manufacturing trade or private sector service occupation or receives  
 21 instruction in the construction trades leading to qualification as a skilled  
 22 journeyman carpenter, including a floor coverer, millwright, or pile driver; laborer;  
 23 ironworker; or painter, including a tapers

24           2. "Claimant" means a person who files a claim under this subsection and who  
 25 is a trades trainer, as determined and approved by the department.

**INSERT A**

*Handwritten notes:*  
 This section relates to a person who is a journeyman in a construction  
 service occupation. It is one of the 5 occupations listed in  
 the list of occupations.



## ASSEMBLY BILL 516

1 3. "Department" means the department of workforce development.

2 (b) Subject to the limitations provided in this subsection, for taxable years  
3 beginning after December 31, 2001, a claimant may claim as a credit against the  
4 taxes imposed under s. 71.23 an amount that is equal to 5% of the wages that the  
5 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except  
6 that a claimant may claim as a credit against the taxes imposed under s. 71.23 an  
7 amount that is equal to 8% of the wages that the claimant paid to an apprentice in  
8 the taxable year in which the apprentice completes an apprenticeship program, but  
9 not to exceed \$3,000.

10 (c) No claimant may receive a credit under this subsection unless the claimant  
11 enters into an agreement with the department permitting the department to post on  
12 the department's Internet site the claimant's name and address and the number of  
13 apprentices and journeymen employed by the claimant during the calendar year.

14 (d) This subsection does not apply to taxable years that begin after December  
15 31, 2004, if the number of employers training apprentices in department-approved  
16 programs does not increase by more than 40% from January 1, 2002, to December  
17 31, 2004, as determined by the department, except that a claimant who has claimed  
18 a credit for an apprentice's wages in any taxable year beginning before January 1,  
19 2005, may continue to claim a credit for the apprentice's wages in succeeding taxable  
20 years, until the apprentice completes the apprenticeship program. As soon as  
21 practicable after December 31, 2004, the department shall certify to the department  
22 of revenue the number of employers training apprentices in approved programs on  
23 January 1, 2002, and the number of employers training apprentices in approved  
24 programs on December 31, 2004.

## ASSEMBLY BILL 516

## SECTION 26

① (e) The carry-over provisions of sub. (4) (e) and (f), as they apply to the credit  
2 under sub. (4), apply to the credit under this subsection.

③ (f) Partnerships, limited liability companies, and tax-option corporations may  
4 not claim the credit under this subsection, but the eligibility for, and the amount of,  
5 the credit are based on their payment of wages under par. (b). A partnership, limited  
6 liability company, or tax-option corporation shall compute the amount of credit that  
7 each of its partners, members, or shareholders may claim and shall provide that  
8 information to each of them. Partners, members of limited liability companies, and  
9 shareholders of tax-option corporations may claim the credit in proportion to their  
10 ownership interests.

⑪ (g) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies  
12 to the credit under this subsection.

⑬ SECTION 27. 71.28 (5r) of the statutes is created to read:

14 71.28 (5r) EDUCATION CREDIT. (a) In this subsection:

- 15 1. "Claimant" means a corporation that files a claim under this subsection.
- 16 2. "Degree-granting program" means an education program for which an  
17 associate, a bachelor's, or a graduate degree is awarded upon successful completion.
- 18 3. "Family member" has the meaning given in s. 157.061 (7).
- 19 4. "Managing employee" means an individual who wholly or partially exercises  
20 operational or managerial control over, or who directly or indirectly conducts, the  
21 operation of the claimant's business.
- 22 5. "Poverty line" has the meaning given in s. 49.001 (5).
- 23 6. "Qualified postsecondary institution" means all of the following.

ASSEMBLY BILL 516

SECTION 30

1 SECTION 30. 71.30 (3) (dm) of the statutes is created to read:

2 71.30 (3) (dm) The industrial, service, and skilled trades apprenticeship credit  
3 under s. 71.28 (5d).

4 SECTION 31. ~~71.30 (3) (g) of the statutes is created to read.~~

5 ~~71.30 (3) (g) Productivity enhancement training credit under s. 71.28 (5d).~~

6 SECTION 32. 71.34 (1) (g) of the statutes, as affected by 2001 Wisconsin Act 16,  
7 is amended to read:

8 *and* 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
9 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), and  
10 (3g), ~~(5d) NEW PARAGRAPH~~ and passed through to shareholders.

11 SECTION 33. 71.45 (2) (a) <sup>10</sup> of the statutes is amended to read:

12 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
13 computed under s. 71.47 (1dd) to (1dx), ~~(5d) NEW PARAGRAPH~~ *and* and not passed through  
14 by a partnership, limited liability company or tax-option corporation that has added  
15 that amount to the partnership's, limited liability company's, or tax-option  
16 corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit  
17 computed under s. 71.47 (1), (3), (4), and (5).

18 SECTION 34. 71.47 (5d) of the statutes is created to read:

19 71.47 (5d) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)  
20 In this subsection:

21 1. "Apprentice" means a person who participates in a 2-year to 5-year  
22 apprenticeship program, as determined and approved by the department, in which  
23 the person receives instruction leading to qualification as a skilled journeyman in  
24 any industrial manufacturing trade or private sector service occupation or receives  
25 instruction in the construction trades leading to qualification as a skilled

ASSEMBLY BILL 516

1 journeyman carpenter, including a floor coverer, millwright, or pile driver; laborer;  
2 ironworker; or painter, including a tapers ~~or~~ **INSERT A**

3 2. "Claimant" means a person who files a claim under this subsection and who  
4 is a trades trainer, as determined and approved by the department.

5 3. "Department" means the department of workforce development.

6 (b) Subject to the limitations provided in this subsection, for taxable years  
7 beginning after December 31, 2001, a claimant may claim as a credit against the  
8 taxes imposed under s. 71.43 an amount that is equal to 5% of the wages that the  
9 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except  
10 that a claimant may claim as a credit against the taxes imposed under s. 71.43 an  
11 amount that is equal to 8% of the wages that the claimant paid to an apprentice in  
12 the taxable year in which the apprentice completes an apprenticeship program, but  
13 not to exceed \$3,000.

14 ~~(c) No claimant may receive a credit under this subsection unless the claimant  
15 enters into an agreement with the department permitting the department to post on  
16 the department's Internet site the claimant's name and address and the number of  
17 apprentices and journeymen employed by the claimant during the calendar year.~~

18 (d) This subsection does not apply to taxable years that begin after December  
19 31, 2004, if the number of employers training apprentices in department-approved  
20 programs does not increase by more than 40% from January 1, 2002, to December  
21 31, 2004, as determined by the department, except that a claimant who has claimed  
22 a credit for an apprentice's wages in any taxable year beginning before January 1,  
23 2005, may continue to claim a credit for the apprentice's wages in succeeding taxable  
24 years, until the apprentice completes the apprenticeship program. As soon as  
25 practicable after December 31, 2004, the department shall certify to the department

## ASSEMBLY BILL 516

## SECTION 34

1 of revenue the number of employers training apprentices in approved programs on  
2 January 1, 2002, and the number of employers training apprentices in approved  
3 programs on December 31, 2004.

4 (e) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit  
5 under s. 71.28 (4), apply to the credit under this subsection.

6 (f) Partnerships, limited liability companies, and tax-option corporations may  
7 not claim the credit under this subsection, but the eligibility for, and the amount of,  
8 the credit are based on their payment of wages under par. (b). A partnership, limited  
9 liability company, or tax-option corporation shall compute the amount of credit that  
10 each of its partners, members, or shareholders may claim and shall provide that  
11 information to each of them. Partners, members of limited liability companies, and  
12 shareholders of tax-option corporations may claim the credit in proportion to their  
13 ownership interests.

14 (g) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
15 applies to the credit under this subsection.

16 ~~SECTION 35. 71.47 (5r) of the statutes is created to read:~~

17 ~~71.47 (5r) EDUCATION CREDIT. (a) In this subsection:~~

18 ~~1. "Claimant" means a corporation that files a claim under this subsection.~~

19 ~~2. "Degree-granting program" means an educational program for which an~~  
20 ~~associate, a bachelor's, or a graduate degree is awarded upon successful completion.~~

21 ~~3. "Family member" has the meaning given in s. 157.061 (7).~~

22 ~~4. "Managing employee" means an individual who wholly or partially exercises~~  
23 ~~operational or managerial control over, or who directly or indirectly conducts, the~~  
24 ~~operation of the claimant's business.~~

25 ~~5. "Poverty line" has the meaning given in s. 49.001 (5).~~

1 beginning before January 1, 2010, may be carried forward to taxable years beginning  
2 after December 31, 2009 as provided under s. 71.28 (4) (f).

3 SECTION 37. 71.49 (1) (dg) of the statutes is created to read:

4 ~~71.49 (1) (dg) Education credit under s. 71.47 (5r).~~

5 SECTION 38. 71.49 (1) (dm) of the statutes is created to read:

6 71.49 (1) (dm) Industrial, service, and skilled trades apprenticeship credit  
7 under s. 71.47 (5d).

8 ~~SECTION 39. 71.49 (1) (g) of the statutes is created to read:~~

9 ~~71.49 (1) (g) Productivity enhancement training credit under s. 71.47 (5v).~~

10 SECTION 40. 77.92 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is  
11 amended to read:

12 77.92 (4) "Net business income", with respect to a partnership, means taxable  
13 income as calculated under section 703 of the Internal Revenue Code; plus the items  
14 of income and gain under section 702 of the Internal Revenue Code, including taxable  
15 state and municipal bond interest and excluding nontaxable interest income or  
16 dividend income from federal government obligations; minus the items of loss and  
17 deduction under section 702 of the Internal Revenue Code, except items that are not  
18 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
19 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
20 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), and (3g), and (3s), ~~(5d)~~ <sup>and</sup> ~~(5e)~~;  
21 plus or minus, as appropriate, transitional adjustments, depreciation differences,  
22 and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding  
23 income, gain, loss, and deductions from farming. "Net business income", with respect  
24 to a natural person, estate, or trust, means profit from a trade or business for federal

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## ASSEMBLY BILL 516

1 income tax purposes and includes net income derived as an employe<sup>e</sup> as defined in  
2 section 3121 (d) (3) of the Internal Revenue Code. (END)

3 ~~SECTION 41. 106.01 (11) of the statutes, as created by 2001 Wisconsin Act 16,~~  
4 ~~is amended to read:~~

5 ~~106.01 (11) From the appropriation under s. 20.445 (1) (kt), the department~~  
6 ~~shall provide a trade masters pilot program to recognize advanced training and~~  
7 ~~postapprenticeship achievements in 3 trades, crafts, or businesses, one of which~~  
8 ~~shall be in the industrial sector, one in the construction sector, and one in the service~~  
9 ~~sector of the economy. In selecting the trades, crafts, or businesses to be included in~~  
10 ~~the program, the department shall seek to maximize participation in the program of~~  
11 ~~persons who are minority group members, as defined in s. 560.036 (1) (f). By July~~  
12 ~~1, 2004, the department shall submit to the legislature under s. 13.172 (2) an~~  
13 ~~evaluation of the effectiveness of the program.~~

14 ~~SECTION 42. 106.01 (12) of the statutes is created to read:~~

15 ~~106.01 (12) From the appropriations under s. 20.445 (1) (a) and (g), the~~  
16 ~~department shall allocate \$150,000 in each fiscal year for apprenticeship marketing~~  
17 ~~activities, including the development and distribution of promotional materials~~  
18 ~~directed at encouraging employers to hire apprentices, educating high school career~~  
19 ~~counselors on careers available in the skilled trades, encouraging the youth of this~~  
20 ~~state to consider a career in the skilled trades, and otherwise promoting the~~  
21 ~~availability and benefits of careers in the skilled trades. The department shall solicit~~  
22 ~~contributions from private sources to assist in the provision of those promotional~~  
23 ~~materials and shall credit any contributions received to the appropriation account~~  
24 ~~under s. 20.445 (1) (g). The department shall seek the advice of and consult with the~~

INSERT A

3891/1  
JK

~~and~~ if the apprenticeship program provides instruction related to any of the 5 manufacturing trades; any of the 5 construction trades; or any of the 5 private sector service occupations; with the most employee shortages, as determined by the department



**Barman, Mike**

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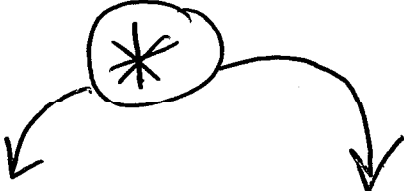
**From:** Pleva, Brian  
**Sent:** Tuesday, October 02, 2001 9:14 AM  
**To:** Kreye, Joseph  
**Cc:** Barman, Mike  
**Subject:** RE: Apprentice Tax Credit

\* Jacket  
\* Send for FE

Yeah, that would be great!

-----Original Message-----

**From:** Kreye, Joseph  
**Sent:** Tuesday, October 02, 2001 9:13 AM  
**To:** Pleva, Brian  
**Cc:** Barman, Mike  
**Subject:** RE: Apprentice Tax Credit



Brian,  
The draft will be finished today. Besides requesting a fiscal estimate, to you want the bill jacketed when it is done?

**Joseph T. Kreye**  
Legislative Attorney  
Legislative Reference Bureau  
(608) 266-2263

-----Original Message-----

**From:** Pleva, Brian  
**Sent:** Tuesday, October 02, 2001 8:54 AM  
**To:** Kreye, Joseph  
**Cc:** Barman, Mike  
**Subject:** RE: Apprentice Tax Credit

Also, Joe, and I'm sorry to do this to you, Rep. Hundertmark (Chair of Labor Cmte.) is looking to exec on this on the 10<sup>th</sup>. I don't know if there's a way to put this on the fast-track, especially for fiscal estimate purposes, I but I thought I'd check in on that.

-----Original Message-----

**From:** Kreye, Joseph  
**Sent:** Wednesday, September 26, 2001 4:40 PM  
**To:** Pleva, Brian  
**Subject:** RE: Apprentice Tax Credit

Thanks.

**Joseph T. Kreye**  
Legislative Attorney  
Legislative Reference Bureau  
(608) 266-2263

-----Original Message-----

**From:** Pleva, Brian  
**Sent:** Wednesday, September 26, 2001 4:39 PM  
**To:** Kreye, Joseph  
**Subject:** RE: Apprentice Tax Credit

Joe, just to be sure, I mean the five trades with the most shortages *within each category* (i.e. the five industrial manufacturing trades with the most shortages; the five private sector service trades with the most shortages and the five construction trades with the most shortages).

-----Original Message-----

**From:** Pleva, Brian  
**Sent:** Wednesday, September 26, 2001 4:07 PM  
**To:** Kreye, Joseph  
**Subject:** RE: Apprentice Tax Credit

AB 516 is LRB-3844/1. Also, you are correct in that those two changes being the only ones.

Thanks again, Joe!

-----Original Message-----

**From:** Kreye, Joseph  
**Sent:** Wednesday, September 26, 2001 4:00 PM  
**To:** Pleva, Brian  
**Cc:** Malaise, Gordon  
**Subject:** RE: Apprentice Tax Credit

Drain,

What is the LRB number of AB 516? Also, just to clarify, are the following provisions the only changes to AB 516 that you want in a new bill: 1. Limit the credit to the five trades with the most shortages, as identified by DWD; 2. Eliminate the Internet posting provision.

**Joseph T. Kreye**  
Legislative Attorney  
Legislative Reference Bureau  
(608) 266-2263

-----Original Message-----

**From:** Pleva, Brian  
**Sent:** Wednesday, September 26, 2001 2:32 PM  
**To:** Kreye, Joseph  
**Cc:** Conlin, Robert  
**Subject:** Apprentice Tax Credit

Joe, I am requesting an LRB draft that is similar to the apprentice tax credit provision within the Joint Legislative Council Special Committee on Labor Shortage's bill (2001 Assembly Bill 516) with a few differences. The provision within AB 516 will be deleted through a *separate* substitute amendment, which is being handled by Rep. Jean Hundertmark. *This bill*, which will eventually be introduced on 10/10/01 as an Assembly Committee on Labor and Workforce Development bill, should address the following "plain" language:

The bill creates an income tax and franchise tax credit for an employer that pays wages to an apprentice who is participating in a two- to five year-year apprenticeship program in which the apprentice is receiving instruction leading to qualification as a skilled journeyman in the industrial manufacturing, private sector service occupation or construction trades. ***However, the credit would only apply to the top five trades of each category that are identified by the Department of Workforce Development's Labor Market Information division as experiencing the most shortages.*** The amount of the credit is 5% of the wages that are paid to an apprentice in a taxable year, but cannot exceed \$1,400, except that, in the taxable year in which the apprentice completes the apprenticeship program, the amount of the credit is 8% of the wages that are paid to an apprentice, but cannot exceed \$3,000. Generally, no employer may claim the credit for taxable years beginning after December 31, 2004, if the number of employers training apprentices does not increase by more than 10% from January 1, 2002, to December 31, 2004.

Joe, as you can see, the "Internet posting" provision is not in this proposal.

If you have any questions, please let me know.

**Kreye, Joseph**

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**From:** Pleva, Brian  
**Sent:** Wednesday, October 03, 2001 10:41 AM  
**To:** Kreye, Joseph  
**Subject:** RE: A copy of 01-3891/1, as requested.

Joe, I noticed something I forgot to tell you about. Instead of including conditions of applicability for the construction apprentices (floor coverer, millwright, or pile driver...), please just write it so it's wide open (like in 1999 AB 875). I'm sorry, I totally forgot to include this in my original request.

-----Original Message-----

**From:** Kreye, Joseph  
**Sent:** Wednesday, October 03, 2001 8:54 AM  
**To:** Pleva, Brian  
**Subject:** A copy of 01-3891/1, as requested.

<< File: 01-3891/1 >>

**Joseph T. Kreye**  
Legislative Attorney  
Legislative Reference Bureau  
(608) 266-2263

*Brian returning to jacket*



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-3891/1 2  
JK:cs:jf  
RMK  
EWJ

2001 BILL

in 10-3-01

Today

REGEN

1 AN ACT to amend 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)  
2 (a) 10. and 77.92 (4); and to create 71.07 (5d), 71.10 (4) (cp), 71.28 (5d), 71.30  
3 (3) (dm), 71.47 (5d) and 71.49 (1) (dm) of the statutes; relating to: an income  
4 tax and franchise tax credit for training apprentices.

*Analysis by the Legislative Reference Bureau*

This bill creates an income tax and franchise tax credit for an employer that pays wages to an apprentice who is participating in a two-year to five-year apprenticeship program in which the apprentice is receiving instruction leading to qualification as a skilled journeyman in any of the five industrial manufacturing trades; any of the five private sector service occupations; or any of the five construction trades; with the most employee shortages, as determined by the department of workforce development. The amount of the credit is five percent of the wages that are paid to an apprentice in a taxable year, but cannot exceed \$1,400, except that, in the taxable year in which the apprentice completes the apprenticeship program, the amount of the credit is eight percent of the wages that are paid to an apprentice, but cannot exceed \$3,000. Generally, no employer may claim the credit for taxable years beginning after December 31, 2004, if the number of employers training apprentices does not increase by more than 40% from January 1, 2002, to December 31, 2004.

**BILL**

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2001 Wisconsin Act  
2 is amended to read:

3           71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), ~~and (3s), and (5d)~~ and not passed  
5 through by a partnership, limited liability company, or tax-option corporation that  
6 has added that amount to the partnership's, company's, or tax-option corporation's  
7 income under s. 71.21 (4) or 71.34 (1) (g).

8           **SECTION 2.** 71.07 (5d) of the statutes is created to read:

9           71.07 (5d) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)  
10 In this subsection:

11           1. "Apprentice" means a person who participates in a 2-year to 5-year  
12 apprenticeship program, as determined and approved by the department, in which  
13 the person receives instruction leading to qualification as a skilled journeyman in an  
14 industrial manufacturing trade <sup>, construction trade</sup> or private sector service occupation ~~or receives~~  
15 ~~instruction in the construction trades leading to qualification as a skilled~~ } deleted  
16 ~~journeyman carpenter, including a floor coverer, millwright, or pile driver; laborer;~~ } not  
17 ~~ironworker; or painter, including a taper,~~ } stricken  
18 if the apprenticeship program provides  
19 instruction related to any of the 5 manufacturing trades; any of the 5 construction  
20 trades; or any of the 5 private sector service occupations; with the most employee  
shortages, as determined by the department.

**BILL**

1           2. "Claimant" means a person who files a claim under this subsection and who  
2 is a trades trainer, as determined and approved by the department.

3           3. "Department" means the department of workforce development.

4           (b) Subject to the limitations provided in this subsection, for taxable years  
5 beginning after December 31, 2001, a claimant may claim as a credit against the  
6 taxes imposed under s. 71.02 an amount that is equal to 5% of the wages that the  
7 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except  
8 that a claimant may claim as a credit against the taxes imposed under s. 71.02 an  
9 amount that is equal to 8% of the wages that the claimant paid to an apprentice in  
10 the taxable year in which the apprentice completes an apprenticeship program, but  
11 not to exceed \$3,000.

12           (c) This subsection does not apply to taxable years that begin after December  
13 31, 2004, if the number of employers training apprentices in department-approved  
14 programs does not increase by more than 40% from January 1, 2002, to December  
15 31, 2004, as determined by the department, except that a claimant who has claimed  
16 a credit for an apprentice's wages in any taxable year beginning before January 1,  
17 2005, may continue to claim a credit for the apprentice's wages in succeeding taxable  
18 years, until the apprentice completes the apprenticeship program. As soon as  
19 practicable after December 31, 2004, the department shall certify to the department  
20 of revenue the number of employers training apprentices in approved programs on  
21 January 1, 2002, and the number of employers training apprentices in approved  
22 programs on December 31, 2004.

23           (d) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit  
24 under s. 71.28 (4), apply to the credit under this subsection.

**BILL****SECTION 2**

1 (e) Partnerships, limited liability companies, and tax-option corporations may  
2 not claim the credit under this subsection, but the eligibility for, and the amount of,  
3 the credit are based on their payment of wages under par. (b). A partnership, limited  
4 liability company, or tax-option corporation shall compute the amount of credit that  
5 each of its partners, members, or shareholders may claim and shall provide that  
6 information to each of them. Partners, members of limited liability companies, and  
7 shareholders of tax-option corporations may claim the credit in proportion to their  
8 ownership interests.

9 (f) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
10 applies to the credit under this subsection.

11 **SECTION 3.** 71.10 (4) (cp) of the statutes is created to read:

12 71.10 (4) (cp) Industrial, service, and skilled trades apprenticeship credit  
13 under s. 71.07 (5d).

14 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is  
15 amended to read:

16 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
17 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), ~~and (3s), and (5d)~~ and passed through to  
18 partners shall be added to the partnership's income.

19 **SECTION 5.** 71.26 (2) (a) of the statutes, as affected by 2001 Wisconsin Act 16,  
20 is amended to read:

21 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
22 the gross income as computed under the Internal Revenue Code as modified under  
23 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
24 computed under s. 71.28 (1), (3), (4), (5), plus the amount of the credit computed  
25 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), ~~and (3g) (1dx), (3g), and~~



**BILL**

1 (5d) and not passed through by a partnership, limited liability company, or  
 2 tax-option corporation that has added that amount to the partnership's, limited  
 3 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)  
 4 (g) plus the amount of losses from the sale or other disposition of assets the gain from  
 5 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were  
 6 sold or otherwise disposed of at a gain and minus deductions, as computed under the  
 7 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an  
 8 amount equal to the difference between the federal basis and Wisconsin basis of any  
 9 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction  
 10 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

11 **SECTION 6.** 71.28 (5d) of the statutes is created to read:

12 **71.28 (5d) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT.** (a)

13 In this subsection:

14 1. "Apprentice" means a person who participates in a 2-year to 5-year  
 15 apprenticeship program, as determined and approved by the department, in which  
 16 the person receives instruction leading to qualification as a skilled journeyman in an  
 17 industrial manufacturing trade <sup>or construction trade</sup> or private sector service occupation ~~or receives~~  
 18 ~~instruction in the construction trades leading to qualification as a skilled~~ } deleted  
 19 ~~journeyman carpenter, including a floor coverer, millwright, or pile driver; laborer,~~ } not  
 20 ~~ironworker, or painter, including a tapper, if the apprenticeship program provides~~ } stricken  
 21 instruction related to any of the 5 manufacturing trades; any of the 5 construction  
 22 trades; or any of the 5 private sector service occupations; with the most employee  
 23 shortages, as determined by the department.

24 2. "Claimant" means a person who files a claim under this subsection and who  
 25 is a trades trainer, as determined and approved by the department.

**BILL****SECTION 6**

1           3. “Department” means the department of workforce development.

2           (b) Subject to the limitations provided in this subsection, for taxable years  
3 beginning after December 31, 2001, a claimant may claim as a credit against the  
4 taxes imposed under s. 71.23 an amount that is equal to 5% of the wages that the  
5 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except  
6 that a claimant may claim as a credit against the taxes imposed under s. 71.23 an  
7 amount that is equal to 8% of the wages that the claimant paid to an apprentice in  
8 the taxable year in which the apprentice completes an apprenticeship program, but  
9 not to exceed \$3,000.

10           (c) This subsection does not apply to taxable years that begin after December  
11 31, 2004, if the number of employers training apprentices in department–approved  
12 programs does not increase by more than 40% from January 1, 2002, to December  
13 31, 2004, as determined by the department, except that a claimant who has claimed  
14 a credit for an apprentice’s wages in any taxable year beginning before January 1,  
15 2005, may continue to claim a credit for the apprentice’s wages in succeeding taxable  
16 years, until the apprentice completes the apprenticeship program. As soon as  
17 practicable after December 31, 2004, the department shall certify to the department  
18 of revenue the number of employers training apprentices in approved programs on  
19 January 1, 2002, and the number of employers training apprentices in approved  
20 programs on December 31, 2004.

21           (d) The carry–over provisions of sub. (4) (e) and (f), as they apply to the credit  
22 under sub. (4), apply to the credit under this subsection.

23           (e) Partnerships, limited liability companies, and tax–option corporations may  
24 not claim the credit under this subsection, but the eligibility for, and the amount of,  
25 the credit are based on their payment of wages under par. (b). A partnership, limited

**BILL**

1 liability company, or tax-option corporation shall compute the amount of credit that  
2 each of its partners, members, or shareholders may claim and shall provide that  
3 information to each of them. Partners, members of limited liability companies, and  
4 shareholders of tax-option corporations may claim the credit in proportion to their  
5 ownership interests.

6 (f) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies  
7 to the credit under this subsection.

8 **SECTION 7.** 71.30 (3) (dm) of the statutes is created to read:

9 71.30 (3) (dm) The industrial, service, and skilled trades apprenticeship credit  
10 under s. 71.28 (5d).

11 **SECTION 8.** 71.34 (1) (g) of the statutes, as affected by 2001 Wisconsin Act 16,  
12 is amended to read:

13 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
14 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), and  
15 (3g), and (5d) and passed through to shareholders.

16 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

17 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
18 computed under s. 71.47 (1dd) to (1dx), and (5d) and not passed through by a  
19 partnership, limited liability company or tax-option corporation that has added that  
20 amount to the partnership's, limited liability company's, or tax-option corporation's  
21 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under  
22 s. 71.47 (1), (3), (4), and (5).

23 **SECTION 10.** 71.47 (5d) of the statutes is created to read:

24 71.47 (5d) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)  
25 In this subsection:

## BILL

## SECTION 10

1 1. "Apprentice" means a person who participates in a 2-year to 5-year  
2 apprenticeship program, as determined and approved by the department, in which  
3 the person receives instruction leading to qualification as a skilled journeyman in  
4 any industrial manufacturing trade <sup>construction trade</sup> or private sector service occupation ~~or receives~~  
5 ~~instruction in the construction trades leading to qualification as a skilled~~  
6 ~~journeyman carpenter, including a floor coverer, millwright, or pile driver; laborer;~~  
7 ~~ironworker; or painter, including a tapper,~~ if the apprenticeship program provides  
8 instruction related to any of the 5 manufacturing trades; any of the 5 construction  
9 trades; or any of the 5 private sector service occupations; with the most employee  
10 shortages, as determined by the department.

11 2. "Claimant" means a person who files a claim under this subsection and who  
12 is a trades trainer, as determined and approved by the department.

13 3. "Department" means the department of workforce development.

14 (b) Subject to the limitations provided in this subsection, for taxable years  
15 beginning after December 31, 2001, a claimant may claim as a credit against the  
16 taxes imposed under s. 71.43 an amount that is equal to 5% of the wages that the  
17 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except  
18 that a claimant may claim as a credit against the taxes imposed under s. 71.43 an  
19 amount that is equal to 8% of the wages that the claimant paid to an apprentice in  
20 the taxable year in which the apprentice completes an apprenticeship program, but  
21 not to exceed \$3,000.

22 (c) This subsection does not apply to taxable years that begin after December  
23 31, 2004, if the number of employers training apprentices in department-approved  
24 programs does not increase by more than 40% from January 1, 2002, to December  
25 31, 2004, as determined by the department, except that a claimant who has claimed

deleted  
not  
stricken

**BILL**

1 a credit for an apprentice's wages in any taxable year beginning before January 1,  
2 2005, may continue to claim a credit for the apprentice's wages in succeeding taxable  
3 years, until the apprentice completes the apprenticeship program. As soon as  
4 practicable after December 31, 2004, the department shall certify to the department  
5 of revenue the number of employers training apprentices in approved programs on  
6 January 1, 2002, and the number of employers training apprentices in approved  
7 programs on December 31, 2004.

8 (d) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit  
9 under s. 71.28 (4), apply to the credit under this subsection.

10 (e) Partnerships, limited liability companies, and tax-option corporations may  
11 not claim the credit under this subsection, but the eligibility for, and the amount of,  
12 the credit are based on their payment of wages under par. (b). A partnership, limited  
13 liability company, or tax-option corporation shall compute the amount of credit that  
14 each of its partners, members, or shareholders may claim and shall provide that  
15 information to each of them. Partners, members of limited liability companies, and  
16 shareholders of tax-option corporations may claim the credit in proportion to their  
17 ownership interests.

18 (f) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
19 applies to the credit under this subsection.

20 **SECTION 11.** 71.49 (1) (dm) of the statutes is created to read:

21 71.49 (1) (dm) Industrial, service, and skilled trades apprenticeship credit  
22 under s. 71.47 (5d).

23 **SECTION 12.** 77.92 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is  
24 amended to read:

**BILL****SECTION 12**

1           77.92 (4) “Net business income”, with respect to a partnership, means taxable  
2 income as calculated under section 703 of the Internal Revenue Code; plus the items  
3 of income and gain under section 702 of the Internal Revenue Code, including taxable  
4 state and municipal bond interest and excluding nontaxable interest income or  
5 dividend income from federal government obligations; minus the items of loss and  
6 deduction under section 702 of the Internal Revenue Code, except items that are not  
7 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
8 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
9 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), and (3g), and (3s), and (5d); and plus or  
10 minus, as appropriate, transitional adjustments, depreciation differences, and basis  
11 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,  
12 loss, and deductions from farming. “Net business income”, with respect to a natural  
13 person, estate, or trust, means profit from a trade or business for federal income tax  
14 purposes and includes net income derived as an employee as defined in section 3121  
15 (d) (3) of the Internal Revenue Code.

16                           (END)

**Barman, Mike**

---

**From:** Pleva, Brian  
**Sent:** Friday, October 05, 2001 8:28 AM  
**To:** Kreye, Joseph  
**Cc:** Collier, Dennis J; Barman, Mike  
**Subject:** RE: Tax credit

Joe, I have another revision. It was suggested to me by Karin Wells at DWD's Bureau of Workforce Information that we use the words "the most projected job openings for new entrants" rather than "the most employee shortages."

Is that okay?

-Brian

-----Original Message-----

**From:** Kreye, Joseph  
**Sent:** Thursday, October 04, 2001 12:12 PM  
**To:** Pleva, Brian  
**Subject:** Tax credit

<< File: 01-3891/2 >>

**Joseph T. Kreye**  
Legislative Attorney  
Legislative Reference Bureau  
(608) 266-2263

cancel  
FE  
request  
for  
("1/2")  
10-05-2001

## Kreye, Joseph

---

**From:** Pleva, Brian  
**Sent:** Friday, October 05, 2001 8:28 AM  
**To:** Kreye, Joseph  
**Cc:** Collier, Dennis J; Barman, Mike  
**Subject:** RE: Tax credit

Joe, I have another revision. It was suggested to me by Karin Wells at DWD's Bureau of Workforce Information that we use the words "the most projected job openings for new entrants" rather than "the most employee shortages."

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**Subject:** Tax credit

<< File: 01-3891/2 >>

**Joseph T. Kreye**  
Legislative Attorney  
Legislative Reference Bureau  
(608) 266-2263



Rec 10-12-2001

Copy to Rep. Ura Kas

old version  
→ now a "1/3"  
→ introduced as AB-555

**MEMORANDUM**

October 12, 2001

**TO:** Joseph Kreye  
Legislative Reference Bureau

**FROM:** Brian Pahnke  
Department of Revenue

**SUBJECT:** Technical Memorandum LRB 3891/2: Apprenticeship Tax Credit

The Department has the following comments regarding the industrial, service and skilled trades apprenticeship credit in this bill.

To avoid a double tax credit, the author may wish to include language stating that wages which qualify for the apprenticeship credit do not also qualify for the jobs retained or created components of the development zone credits.

The author may wish to clarify that the \$1,400 and \$3,000 credit limits are applicable to each apprentice hired by the employer and not to the employer itself.

The author may wish to provide initial applicability language providing that if the subsection takes effect after July 31, the act first applies to taxable years beginning on January 1 of the year following the year in which the subsection takes effect.

	<u>Chapter 20</u>	<u>Amount</u>
one-time	s. 20.566 (1) (a)	\$126,500
annual	s. 20.566 (1) (a)	\$19,500

If you have any questions regarding this technical memorandum, please contact Pam Walgren at 266-7817.

BP:

## Fiscal Estimate - 2001 Session

Original      Updated      Corrected      Supplemental

<b>LRB Number</b> 01-3891/2		<b>Introduction Number</b>	
<b>Subject</b> Apprenticeship tax credit			
<b>Fiscal Effect</b> <b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs			
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <b>1.</b> <input type="checkbox"/> Increase Costs <b>3.</b> <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <b>2.</b> <input type="checkbox"/> Decrease Costs <b>4.</b> <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory			
		<b>5. Types of Local Government Units Affected</b> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		20.566 (1)(a)	
<b>Agency/Prepared By</b> DOR/ Pamela Walgren (608) 266-7817		<b>Authorized Signature</b> Brian Pahnke (608) 266-2700	<b>Date</b> 10/12/01

## Fiscal Estimate Narratives

DOR 10/12/01

LRB Number	01-3891/2	Introduction Number	Estimate Type	Original
<b>Subject</b>				
Apprenticeship tax credit				

### Assumptions Used in Arriving at Fiscal Estimate

The bill would create a nonrefundable income and franchise tax credit for a business that pays wages to an apprentice participating in a 2-year to 5-year program in construction, industrial manufacturing or service occupations if the apprentice is in one of the five industrial, five construction or five service occupations with the most employee shortages, as determined by the Department of Workforce Development (DWD). The credit equals 5% of wages paid to an apprentice, not to exceed \$1,400 per year, but increases to 8%, not to exceed \$3,000, during the year the apprentice completes the program. The program must be approved by the Department of Workforce Development. The credit first applies to taxable years beginning on January 1, 2002.

The bill would discontinue the credit for the wages of new apprentices in 2005 if the number of employers training apprentices in approved programs does not increase by more than 40% between January 1, 2002, and December 31, 2004. Employers could continue to claim the credit for wages of apprentices for whom the employer had already claimed the credit in a prior year until the apprentice completes the apprenticeship program.

According to information from DWD, approximately 12,000 persons currently are participating in apprenticeship programs in industrial manufacturing, construction or service sector occupations. Programs that would be in the top five service, industrial and construction categories with the most employee shortages as determined by DWD are not known. The estimate assumes the 15 programs would be popular programs. To the extent that the actual categories and number of apprentices in them would differ from the assumptions, the fiscal estimate would differ.

Based on information on the amount of the average wages for apprenticeship programs, the estimate assumes that employers would receive the maximum credit for apprentice wages. The attached table provides an estimate of the amount of credit claims by length of apprenticeship program. The estimate assumes that apprentices would complete the programs as scheduled.

As shown in the attached table, it is estimated that annual credit claims would total \$17.2 million. The Department estimates that approximately 75% of credits claimed in a year are used to offset tax liability. As such the fiscal effect is estimated at \$12.9 million annually (\$17.2 million x 75%).

The Department estimates that one-time costs for computer programming would be \$126,500 and ongoing annual costs would be \$19,500. The bill does not provide funding for these costs.

### Long-Range Fiscal Implications

	Apprenticeship Counts		Credit Claim Amounts			
	Total (A)	Completed (B)	Not Completed (C)	5% of Wages (C x \$1,400) (D)	8% of Wages (B x \$3,000) (E)	Total (D + E) (F)
<b>Construction</b>	5,200	1,200	4,000	\$ 5,600,000	\$ 3,600,000	\$ 9,200,000
4 Year Program	2,700	700	2,000	2,300,000	2,100,000	4,900,000
5 Year Program	2,500	500	2,000	2,300,000	1,500,000	4,300,000
<b>Industrial</b>	1,500	300	1,200	1,680,000	900,000	2,580,000
4 Year Program	800	200	600	840,000	600,000	1,440,000
5 Year Program	700	100	600	840,000	300,000	1,140,000
<b>Service</b>	2,500	1,200	1,300	1,820,000	3,600,000	5,420,000
2 Year Program	2,500	1,200	1,300	1,820,000	3,600,000	5,420,000
<b>Totals</b>	<b>9,200</b>	<b>2,700</b>	<b>6,500</b>	<b>\$ 9,100,000</b>	<b>\$ 8,100,000</b>	<b>\$ 17,200,000</b>

## Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

<b>LRB Number</b> 01-3891/2		<b>Introduction Number</b>	
<b>Subject</b>			
Apprenticeship tax credit			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
One-time costs for computer programming of \$126,500.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$19,500	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$19,500</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR	19,500	
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-12,900,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-12,900,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$19,500	\$
	NET CHANGE IN REVENUE	\$-12,900,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Pamela Walgren (608) 266-7817		Brian Pahnke (608) 266-2700	10/12/01



RMR

# 2001 ASSEMBLY BILL

m 10-5-01  
Today

REGEN

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)  
 2 (a) 10. and 77.92 (4); and **to create** 71.07 (5d), 71.10 (4) (cp), 71.28 (5d), 71.30  
 3 (3) (dm), 71.47 (5d) and 71.49 (1) (dm) of the statutes; **relating to:** an income  
 4 tax and franchise tax credit for training apprentices.

### *Analysis by the Legislative Reference Bureau*

This bill creates an income tax and franchise tax credit for an employer that pays wages to an apprentice who is participating in a two-year to five-year apprenticeship program in which the apprentice is receiving instruction leading to qualification as a skilled journeyman in any of the five industrial manufacturing trades; any of the five private sector service occupations; or any of the five construction trades; with the most ~~employee shortages~~, as determined by the department of workforce development. The amount of the credit is five percent of the wages that are paid to an apprentice in a taxable year, but cannot exceed \$1,400, except that, in the taxable year in which the apprentice completes the apprenticeship program, the amount of the credit is eight percent of the wages that are paid to an apprentice, but cannot exceed \$3,000. Generally, no employer may claim the credit for taxable years beginning after December 31, 2004, if the number of employers training apprentices does not increase by more than 40% from January 1, 2002, to December 31, 2004.

projected job openings for  
entrants  
new entrants

**ASSEMBLY BILL**

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2001 Wisconsin Act  
2           16, is amended to read:

3           71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
4           (2di), (2dj), (2dl), (2dm), (2dr), (2ds), (2dx), (3g), ~~and (3s)~~, and (5d) and not passed  
5           through by a partnership, limited liability company, or tax-option corporation that  
6           has added that amount to the partnership's, company's, or tax-option corporation's  
7           income under s. 71.21 (4) or 71.34 (1) (g).

8           **SECTION 2.** 71.07 (5d) of the statutes is created to read:

9           **71.07 (5d) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT.** (a)  
10          In this subsection:

11           1. "Apprentice" means a person who participates in a 2-year to 5-year  
12           apprenticeship program, as determined and approved by the department, in which  
13           the person receives instruction leading to qualification as a skilled journeyman in an  
14           industrial manufacturing trade, construction trade, or private sector service  
15           occupation, if the apprenticeship program provides instruction related to any of the  
16           5 manufacturing trades; any of the 5 construction trades; or any of the 5 private  
17           sector service occupations; with the most ~~employee shortages~~, as determined by the  
18           department.

19           2. "Claimant" means a person who files a claim under this subsection and who  
20           is a trades trainer, as determined and approved by the department.

21           3. "Department" means the department of workforce development.

*projected job openings for new entrants*

**ASSEMBLY BILL**

1           (b) Subject to the limitations provided in this subsection, for taxable years  
2 beginning after December 31, 2001, a claimant may claim as a credit against the  
3 taxes imposed under s. 71.02 an amount that is equal to 5% of the wages that the  
4 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except  
5 that a claimant may claim as a credit against the taxes imposed under s. 71.02 an  
6 amount that is equal to 8% of the wages that the claimant paid to an apprentice in  
7 the taxable year in which the apprentice completes an apprenticeship program, but  
8 not to exceed \$3,000.

9           (c) This subsection does not apply to taxable years that begin after December  
10 31, 2004, if the number of employers training apprentices in department–approved  
11 programs does not increase by more than 40% from January 1, 2002, to December  
12 31, 2004, as determined by the department, except that a claimant who has claimed  
13 a credit for an apprentice’s wages in any taxable year beginning before January 1,  
14 2005, may continue to claim a credit for the apprentice’s wages in succeeding taxable  
15 years, until the apprentice completes the apprenticeship program. As soon as  
16 practicable after December 31, 2004, the department shall certify to the department  
17 of revenue the number of employers training apprentices in approved programs on  
18 January 1, 2002, and the number of employers training apprentices in approved  
19 programs on December 31, 2004.

20           (d) The carry–over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit  
21 under s. 71.28 (4), apply to the credit under this subsection.

22           (e) Partnerships, limited liability companies, and tax–option corporations may  
23 not claim the credit under this subsection, but the eligibility for, and the amount of,  
24 the credit are based on their payment of wages under par. (b). A partnership, limited  
25 liability company, or tax–option corporation shall compute the amount of credit that



**ASSEMBLY BILL****SECTION 2**

1 each of its partners, members, or shareholders may claim and shall provide that  
2 information to each of them. Partners, members of limited liability companies, and  
3 shareholders of tax-option corporations may claim the credit in proportion to their  
4 ownership interests.

5 (f) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
6 applies to the credit under this subsection.

7 **SECTION 3.** 71.10 (4) (cp) of the statutes is created to read:

8 71.10 (4) (cp) Industrial, service, and skilled trades apprenticeship credit  
9 under s. 71.07 (5d).

10 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is  
11 amended to read:

12 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
13 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), and (3s), and (5d) and passed through to  
14 partners shall be added to the partnership's income.

15 **SECTION 5.** 71.26 (2) (a) of the statutes, as affected by 2001 Wisconsin Act 16,  
16 is amended to read:

17 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
18 the gross income as computed under the Internal Revenue Code as modified under  
19 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
20 computed under s. 71.28 (1), (3), (4), (5), plus the amount of the credit computed  
21 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), and (3g) (1dx), (3g), and  
22 (5d) and not passed through by a partnership, limited liability company, or  
23 tax-option corporation that has added that amount to the partnership's, limited  
24 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)  
25 (g) plus the amount of losses from the sale or other disposition of assets the gain from

## ASSEMBLY BILL

1 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were  
2 sold or otherwise disposed of at a gain and minus deductions, as computed under the  
3 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an  
4 amount equal to the difference between the federal basis and Wisconsin basis of any  
5 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction  
6 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

7 SECTION 6. 71.28 (5d) of the statutes is created to read:

8 71.28 (5d) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)

9 In this subsection:

10 1. "Apprentice" means a person who participates in a 2-year to 5-year  
11 apprenticeship program, as determined and approved by the department, in which  
12 the person receives instruction leading to qualification as a skilled journeyman in an  
13 industrial manufacturing trade, construction trade, or private sector service  
14 occupation, if the apprenticeship program provides instruction related to any of the  
15 5 manufacturing trades; any of the 5 construction trades; or any of the 5 private  
16 sector service occupations; with the most ~~employee shortages~~, as determined by the  
17 department. *projected job openings for new entrants*

18 2. "Claimant" means a person who files a claim under this subsection and who  
19 is a trades trainer, as determined and approved by the department.

20 3. "Department" means the department of workforce development.

21 (b) Subject to the limitations provided in this subsection, for taxable years  
22 beginning after December 31, 2001, a claimant may claim as a credit against the  
23 taxes imposed under s. 71.23 an amount that is equal to 5% of the wages that the  
24 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except  
25 that a claimant may claim as a credit against the taxes imposed under s. 71.23 an

**ASSEMBLY BILL**

1 amount that is equal to 8% of the wages that the claimant paid to an apprentice in  
2 the taxable year in which the apprentice completes an apprenticeship program, but  
3 not to exceed \$3,000.

4 (c) This subsection does not apply to taxable years that begin after December  
5 31, 2004, if the number of employers training apprentices in department-approved  
6 programs does not increase by more than 40% from January 1, 2002, to December  
7 31, 2004, as determined by the department, except that a claimant who has claimed  
8 a credit for an apprentice's wages in any taxable year beginning before January 1,  
9 2005, may continue to claim a credit for the apprentice's wages in succeeding taxable  
10 years, until the apprentice completes the apprenticeship program. As soon as  
11 practicable after December 31, 2004, the department shall certify to the department  
12 of revenue the number of employers training apprentices in approved programs on  
13 January 1, 2002, and the number of employers training apprentices in approved  
14 programs on December 31, 2004.

15 (d) The carry-over provisions of sub. (4) (e) and (f), as they apply to the credit  
16 under sub. (4), apply to the credit under this subsection.

17 (e) Partnerships, limited liability companies, and tax-option corporations may  
18 not claim the credit under this subsection, but the eligibility for, and the amount of,  
19 the credit are based on their payment of wages under par. (b). A partnership, limited  
20 liability company, or tax-option corporation shall compute the amount of credit that  
21 each of its partners, members, or shareholders may claim and shall provide that  
22 information to each of them. Partners, members of limited liability companies, and  
23 shareholders of tax-option corporations may claim the credit in proportion to their  
24 ownership interests.

**ASSEMBLY BILL**

1 (f) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies  
2 to the credit under this subsection.

3 **SECTION 7.** 71.30 (3) (dm) of the statutes is created to read:

4 71.30 (3) (dm) The industrial, service, and skilled trades apprenticeship credit  
5 under s. 71.28 (5d).

6 **SECTION 8.** 71.34 (1) (g) of the statutes, as affected by 2001 Wisconsin Act 16,  
7 is amended to read:

8 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
9 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), and  
10 (3g), and (5d) and passed through to shareholders.

11 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

12 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
13 computed under s. 71.47 (1dd) to (1dx), and (5d) and not passed through by a  
14 partnership, limited liability company or tax-option corporation that has added that  
15 amount to the partnership's, limited liability company's, or tax-option corporation's  
16 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under  
17 s. 71.47 (1), (3), (4), and (5).

18 **SECTION 10.** 71.47 (5d) of the statutes is created to read:

19 71.47 (5d) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)  
20 In this subsection:

21 1. "Apprentice" means a person who participates in a 2-year to 5-year  
22 apprenticeship program, as determined and approved by the department, in which  
23 the person receives instruction leading to qualification as a skilled journeyman in  
24 any industrial manufacturing trade, construction trade, or private sector service  
25 occupation, if the apprenticeship program provides instruction related to any of the

## ASSEMBLY BILL

1 5 manufacturing trades; any of the 5 construction trades; or any of the 5 private  
2 sector service occupations; with the most ~~employee shortages~~, as determined by the  
3 department. *projected job openings for new entrants*

4 2. "Claimant" means a person who files a claim under this subsection and who  
5 is a trades trainer, as determined and approved by the department.

6 3. "Department" means the department of workforce development.

7 (b) Subject to the limitations provided in this subsection, for taxable years  
8 beginning after December 31, 2001, a claimant may claim as a credit against the  
9 taxes imposed under s. 71.43 an amount that is equal to 5% of the wages that the  
10 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except  
11 that a claimant may claim as a credit against the taxes imposed under s. 71.43 an  
12 amount that is equal to 8% of the wages that the claimant paid to an apprentice in  
13 the taxable year in which the apprentice completes an apprenticeship program, but  
14 not to exceed \$3,000.

15 (c) This subsection does not apply to taxable years that begin after December  
16 31, 2004, if the number of employers training apprentices in department-approved  
17 programs does not increase by more than 40% from January 1, 2002, to December  
18 31, 2004, as determined by the department, except that a claimant who has claimed  
19 a credit for an apprentice's wages in any taxable year beginning before January 1,  
20 2005, may continue to claim a credit for the apprentice's wages in succeeding taxable  
21 years, until the apprentice completes the apprenticeship program. As soon as  
22 practicable after December 31, 2004, the department shall certify to the department  
23 of revenue the number of employers training apprentices in approved programs on  
24 January 1, 2002, and the number of employers training apprentices in approved  
25 programs on December 31, 2004.

**ASSEMBLY BILL**

1 (d) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit  
2 under s. 71.28 (4), apply to the credit under this subsection.

3 (e) Partnerships, limited liability companies, and tax-option corporations may  
4 not claim the credit under this subsection, but the eligibility for, and the amount of,  
5 the credit are based on their payment of wages under par. (b). A partnership, limited  
6 liability company, or tax-option corporation shall compute the amount of credit that  
7 each of its partners, members, or shareholders may claim and shall provide that  
8 information to each of them. Partners, members of limited liability companies, and  
9 shareholders of tax-option corporations may claim the credit in proportion to their  
10 ownership interests.

11 (f) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
12 applies to the credit under this subsection.

13 **SECTION 11.** 71.49 (1) (dm) of the statutes is created to read:

14 71.49 (1) (dm) Industrial, service, and skilled trades apprenticeship credit  
15 under s. 71.47 (5d).

16 **SECTION 12.** 77.92 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is  
17 amended to read:

18 77.92 (4) “Net business income”, with respect to a partnership, means taxable  
19 income as calculated under section 703 of the Internal Revenue Code; plus the items  
20 of income and gain under section 702 of the Internal Revenue Code, including taxable  
21 state and municipal bond interest and excluding nontaxable interest income or  
22 dividend income from federal government obligations; minus the items of loss and  
23 deduction under section 702 of the Internal Revenue Code, except items that are not  
24 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
25 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),

**ASSEMBLY BILL**

1 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), ~~and (3g), and (3s), and (5d)~~; and plus or  
2 minus, as appropriate, transitional adjustments, depreciation differences, and basis  
3 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,  
4 loss, and deductions from farming. “Net business income”, with respect to a natural  
5 person, estate, or trust, means profit from a trade or business for federal income tax  
6 purposes and includes net income derived as an employee as defined in section 3121  
7 (d) (3) of the Internal Revenue Code.

8 (END)



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

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MADISON, WI 53701-2037

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FAX: (608) 266-5648

STEPHEN R. MILLER  
CHIEF

October 11, 2001

## MEMORANDUM

**To:** Representative Hundertmark

**From:** Joseph T. Kreye, Legislative Attorney, (608) 266-2263

**Subject:** Technical Memorandum to **2001 AB-555** (LRB-3891/3)

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We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.



**MEMORANDUM**

October 11, 2001

**TO:** Joseph Kreye  
Legislative Reference Bureau

**FROM:** Brian Pahnke  
Department of Revenue

**SUBJECT:** Technical Memorandum LRB 3891/3: Apprenticeship Tax Credit

The Department has the following comments regarding the industrial, service and skilled trades apprenticeship credit provided by the bill.

To avoid a double tax credit, the author may wish to include language stating that wages which qualify for the apprenticeship credit do not also qualify for the jobs retained or created components of the development zone credits.

The author may wish to clarify that the \$1,400 and \$3,000 credit limits are applicable to each apprentice hired by the employer and not to the employer itself.

The author may wish to provide initial applicability language providing that if the subsection takes effect after July 31, the act first applies to taxable years beginning on January 1 of the year following the year in which the subsection takes effect.

	<u>Chapter 20</u>	<u>Amount</u>
one-time	s. 20.566 (1) (a)	\$126,500
annual	s. 20.566 (1) (a)	\$ 19,500

If you have any questions regarding this technical memorandum, please contact Pam Walgren at 266-7817.

BP: